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TAGS: [OPRC](#) [KMDR](#)

SUBJECT: MEDIA REACTION: AIG; TIBET; CHINA AND U.S. BONDS;
CHINA: SOUTH CHINA SEA DISPUTES

TOPICS:

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HEADLINES AND EXCERPTS:

[1. AIG](#)

"What's special about bankers, bar their greed?"

The independent English-language South China Morning Post said in an editorial (3/18): "The US\$165 million in bonuses American International Group has earmarked for some of its employees has, understandably, brought outrage across the U.S. and incomprehension around the world. What is even more absurd is that the money is being paid to staff of a derivatives unit which, almost single-handedly, brought AIG to its knees. The company has just reported the single largest quarterly loss in U.S. corporate history. Without unprecedented government bailouts, it would have been wiped out months ago. U.S. President Barack Obama is surely right to argue that attempts by himself and state authorities to block the payments are not only about money but the values by which we want to define capitalism. The free market is supposed to reward people who succeed with enterprise and ingenuity, not those who make terrible mistakes and then expect taxpayers to keep them in business. Perhaps even more dangerous than moral hazard is the incentive for reckless and risky behavior that lavish bonuses have created.... If those AIG executives have any shame, they should forgo their bonuses or accept their own toxic derivatives as payment. It is time for the financial services sector to face the music like everyone else."

[2. Tibet](#)

"Pressure point"

Commentator Frank Ching wrote in the 'Insight' page in the independent English-language South China Morning Post (3/18): "The U.S. House of Representatives last week voted 422 to 1 to adopt a resolution calling on China to end repression in Tibet. And Beijing, as expected, responded by accusing Washington of interfering in its internal affairs. Many people say, with good reason, that such public condemnation of China will not achieve anything and may even be counterproductive. They argue that the way to go is to work inside the system and try to reform from within. But is it actually possible to change things on the mainland by working within the system? The record suggests that the powers that be make it very difficult indeed for anyone trying to initiate change, or even just to vent their frustration.... The party

appears unwilling to allow people any means of venting their frustration. That way, pressure will only build up and, one day, there will be a mighty explosion. It makes you wonder why such smart people, who enabled the country to modernize so rapidly, can be so stupid. Meanwhile, public condemnation, such as the vote in Congress, will continue."

13. China and U.S. bonds

"Does China have other investment strategy if it does not buy U.S.?"

The independent Chinese-language Hong Kong Economic Journal said in an editorial (3/18): "...Premier Wen Jiabao last Friday said at the closing press conference of the National People's Congress that he was concerned about the safety of U.S. bonds that China held. He urged the U.S. to keep its promise. Despite what Premier Wen said, China continues to buy U.S. treasury bonds. The reality has not changed.... China is still buying more U.S. treasury bonds. However, looking at the distribution of assets, the Chinese government's strategy has obviously changed since the second half of last year. First of all, they gradually reduced their purchase of long-term treasury bonds.... Secondly, there is an increase in the number of short-term treasury bonds purchased.... Thirdly, in the third quarter last year, the sum of money that China spent on long-term U.S. corporate bonds and U.S. shares dropped. According to the above phenomena, it shows that the People's Bank of China was concerned about the depreciation of U.S. treasury bonds and U.S. dollar assets in the medium to long term. Hence, it has to reduce its holding of these assets to reduce risk. However, reducing U.S. bonds is only one of the ways the Chinese government needs to think of better ways to manage its reserves."

14. China: South China Sea disputes

"South China Seas has become the new wrestling field for China and the U.S."

The pro-PRC Chinese-language Macau Daily News remarked in an editorial (3/18): "...Following the easing of cross-strait tensions, the Sino-U.S. wrestling field is moving from the Taiwan Strait to the South China Sea. The situation in the South China Sea has become tense recently. In early March, a U.S. navy survey ship, the 'Impeccable', entered China's exclusive economic zone in the South China Sea. The ship conducted illegal surveying without China's approval, collecting information on China's newly developed nuclear submarine base ? the Yalong Bay nuclear submarine base in Sanya.... The incident has aroused Chinese and U.S. concerns. U.S. President Obama said in the meeting with Chinese Foreign Minister Yang Jiechi that the level and frequency of U.S.-China military dialogue should be increased to avoid similar incidents from happening again. However, U.S. words do not match with its deeds. Its ship did not stop its mission in the South China Sea. Instead, the U.S. announced dispatching the Aegis destroyer USS Chung-Hoon to escort the 'Impeccable' to carry out its surveying mission in the South China Sea. The conflict between China and the U.S. in the South China Sea may escalate. The sovereignty dispute over the Nansha Islands [Spratly Islands] may be another focus.... The U.S. proactively gets involved in the dispute over the South China Sea by supporting some countries. This move has made the South China Sea issue more complicated.... The U.S. offering its navy ships to the Philippines at this sensitive moment will make others speculate that the U.S. wants to use the Philippines to confront China...."

DONOVAN